Weekly Economic Review

Shipments pick up in August

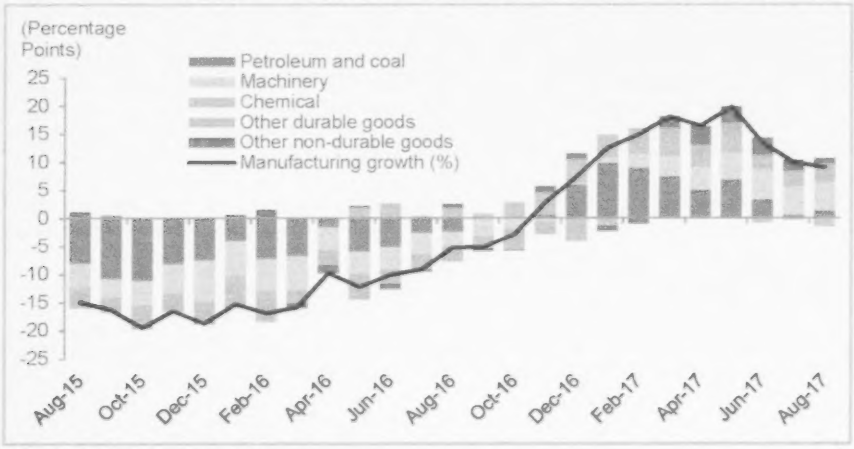
Manufacturing Shipments

Petroleum and durables lift shipments

Alberta's manufacturing sector posted gains in August following two consecutive months of decline. The value of manufacturing shipments increased 1.2% month-over-month (m/m) to $5.8 billion. The rebound was driven by a 4.4% m/m increase petroleum and coal shipments as prices improved. In addition, durable goods were up 2.5% m/m amid the strong recovery in machinery and solid growth in wood products. In contrast, chemicals declined for a third straight month (-2.9% m/m). Compared to last August, shipments were up 9.0% as machinery shipments nearly doubled, along with improvements in fabricated metals and petroleum (Chart 1).

Chart 1: Machinery leading year-over-year gains

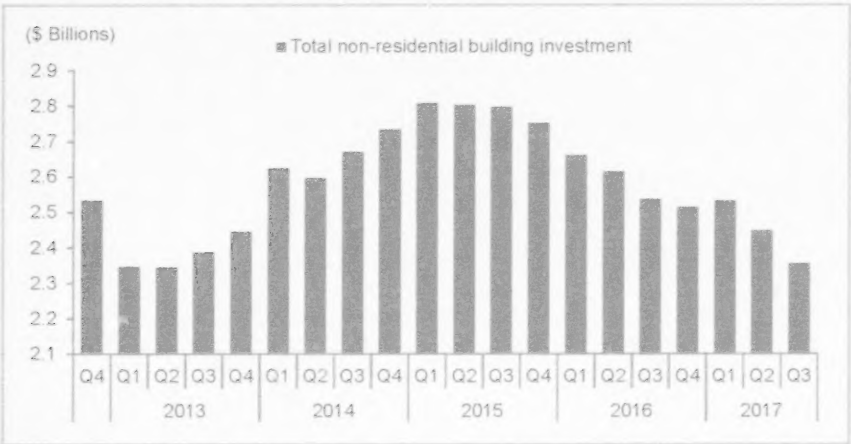
Contributions to year-over-year growth in manufacturing, seasonally adjusted



Source: Statistics Canada

Chart 2: Investment remains on the backpedal

Alberta non-residential building investment



Source: Statistics Canada

Retail Sales

Retail sales edge lower

After hitting a new high in June, retail sales in Alberta moderated for the second month in a row. In August, sales dipped 0.4% m/m to $6.7 billion weighed by lower sales of appliances and sporting goods. Despite edging lower over the last two months, retail sales continued to exceed last year's levels. They were up 8.2% year-over-year (y/y) as ten of the eleven categories saw increases, showing more broad-based growth in the retail sector.

Non-Residential Investment

Activity waning

Construction activity in Alberta continues to languish. In the third quarter of 2017, non-residential building investment declined 3.8% quarter-over-quarter (q/q), the largest drop since the first quarter of 2013 (Chart 2). All types of investments were down, led by the continued retreat in commercial buildings (-4.0% q/q). Industrial investment fell 8.1% q/q, while institutional and governmental construction eased for the second consecutive quarter.

Resale Housing

Home sales move higher

Activity in the resale housing market is increasing. The number of seasonally adjusted home sales increased

0.9% m/m in September to reach a five-month high. The monthly increase in sales was led by Calgary, where sales volumes improve for the third month in a row. Sales in Edmonton held steady while sales across the rest of Alberta eased slightly. New listings increased (+0.8% m/m) along with the sales volumes. However, the average resale price edged lower (-0.4% m/m) as prices in Edmonton pulled back from the June 2017 high.

Consumer Price Index

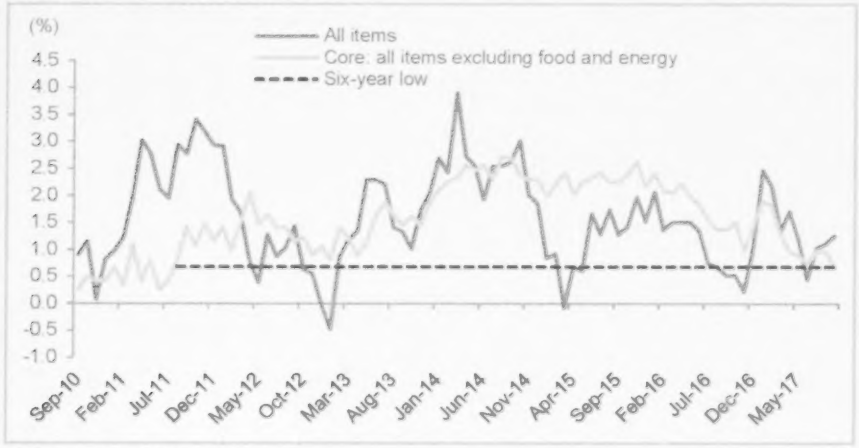
Inflation remains weak

The growth in consumer prices in Alberta remains subdued, despite an uptick in inflation in August. Core inflation, which excludes food and energy, fell to a six-year low (+0.7% y/y) as prices for services, and clothing and footwear slowed (Chart 3). Overall inflation increased from 1.1% in August to 1.3% y/y in September. The tick up was due to higher gasoline and electricity prices. Food inflation also increased, partly due to lower prices last fall.

Nationally, inflation stood at 1.6% y/y in September.

Chart 3: Core inflation falls to a six-year low

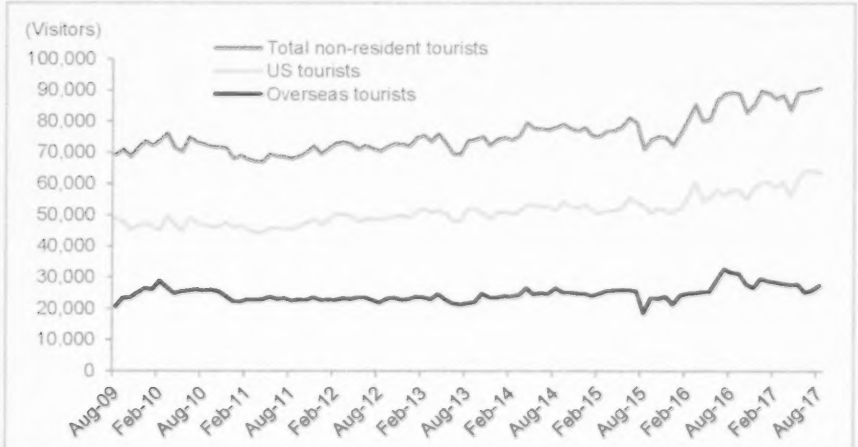
Annual inflation rate in Alberta



Source: Statistics Canada

Chart 4: Record high on non-resident visitors

Total non-resident tourists entering Canada via Alberta



Source: Statistics Canada

Employment Insurance

EI beneficiaries continues to decline

The number of Albertans receiving regular Employment Insurance (EI) benefits continues to trend lower. The number of Albertans receiving regular EI benefits fell 4.0% to 67,190 in August. The number of EI beneficiaries has declined for ten consecutive months, going back to October 2016. Although the number of initial EI claims has been relatively stable this year, claims are well below 2016 levels, and in August the share of renewal claims fell to the lowest level since the introduction of the extension program in June 2016.

International Travel

New record of non-resident visitors

The tourism sector continues to strengthen, boosted by overseas tourists. The number of non-resident tourists entering Canada via Alberta edged up 1.0% m/m to set a seasonally adjusted high of 90,797 visitors. A decline in US tourists was more than offset by a jump in overseas visitors (Chart 4). Despite the monthly drop, visits by US tourists remained near a record high set in June and were up 9.6% y/y. The pick up in US visitors made this a good year for the tourism industry, with international visits up 6.0% year-to-date.

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.